

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02372A

Verde Lakes Water Corporation
2867 S. Verde Lakes Drive, #B
Camp Verde, AZ 86322

RECEIVED

NOV 04 2005

AZ Corporation Commission
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>Verde Lakes Water Corp.</u>			
Mailing Address <u>2867 S. Verde Lakes Dr.</u>			
<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)	
<u>928-567-4338</u> Telephone No. (Include Area Code)	<u>928-567-7049</u> Fax No. (Include Area Code)	<u>928-300-0541</u> Pager/Cell No. (Include Area Code)	
Email Address <u>VLWatercorp@commspeed.net</u>			
Local Office Mailing Address <u>Same</u>			
<u></u> (City)	<u></u> (State)	<u></u> (Zip)	
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u>Same</u>			

MANAGEMENT INFORMATION

Management Contact: <u>Alan Williams</u>		<u>Operations Director</u>	
<u>2867 S. Verde Lakes Dr.</u> (Street)		<u>Camp Verde</u> (City)	<u>AZ</u> (State)
<u>86322</u> (Zip)			
<u>928-567-4338</u> Telephone No. (Include Area Code)	<u>928-567-7049</u> Fax No. (Include Area Code)	<u>928-300-0541</u> Pager/Cell No. (Include Area Code)	
Email Address <u>bigal@wildapache.net</u>			
On Site Manager: <u>Same</u>			
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>Alan Williams</u>			
(Name)			
<u>2807 S. Ueed lakes DR.</u>	<u>Campo Verde</u>	<u>AZ</u>	<u>86322</u>
(Street)	(City)	(State)	(Zip)
<u>928-567-4338</u>	<u>928-567-7049</u>	<u>928-300-0541</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>N/A</u>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

VERDE LAKES WATER CORPORATION

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	28,320	0	28,320
304	Structures and Improvements	43,660	10,078	33,582
307	Wells and Springs	29,422	17,388	12,034
311	Pumping Equipment	75,900	55,355	20,545
320	Water Treatment Equipment	1,818	913	905
330	Distribution Reservoirs and Standpipes	139,875	99,442	40,433
331	Transmission and Distribution Mains	333,786	295,843	37,943
333	Services	30,771	25,406	5,365
334	Meters and Meter Installations	56,256	53,572	2,684
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,401	9,568	833
341	Transportation Equipment	7,299	6,040	1,259
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	51,838	22,229	29,609
346	Communication Equipment	1,072	310	762
347	Miscellaneous Equipment	8,913	1,270	7,643
348	Other Tangible Plant	2,388	2,388	0
	TOTALS	821,689	599,772	221,917

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	28,320	M/A	0
304	Structures and Improvements	73,660	2.56	1,167
307	Wells and Springs	29,422	5.0	926
311	Pumping Equipment	75,900	14.29	7,398
320	Water Treatment Equipment	1,818	5.0	57
330	Distribution Reservoirs and Standpipes	139,875	5.0	7,038
331	Transmission and Distribution Mains	333,786	5.0	9,512
333	Services	30,771	5.0	739
334	Meters and Meter Installations	56,256	14.29	3,921
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,401	14.29	691
341	Transportation Equipment	7,299	20.0	840
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	51,838	14.29	4,846
346	Communication Equipment	1,072	14.29	149
347	Miscellaneous Equipment	8,913	5.0	408
348	Other Tangible Plant	2,388	M/A	0
	TOTALS	821,689		37,392

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

VERDE LAKES WATER CORPORATION

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 13,450	\$ 5,429
134	Working Funds	7,888	
135	Temporary Cash Investments	131,374	150,827
141	Customer Accounts Receivable	16,006	10,006
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		7,888
162	Prepayments	716	716
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 163,434	\$ 174,866
	FIXED ASSETS		
101	Utility Plant in Service	\$ 781,288	\$ 812,339
103	Property Held for Future Use	9,350	9,350
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(562,380)	(599,722)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 228,258	\$ 221,917
	TOTAL ASSETS	\$ 391,692	\$ 396,783

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

VERDE LAKES WATER CORPORATION

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 5,786	\$ 8,262
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	9,956	12,243
236	Accrued Taxes	7,764	
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 23,506	\$ 20,475
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	45,790	48,195
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 45,790	\$ 48,195
	TOTAL LIABILITIES	\$ 69,296	\$ 68,620
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	322,396	328,163
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 322,396	\$ 328,163
	TOTAL LIABILITIES AND CAPITAL	\$ 391,692	\$ 396,783

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 225,043	\$ 217,775
460	Unmetered Water Revenue		
474	Other Water Revenues	11,569	15,112
	TOTAL REVENUES	\$ 236,612	\$ 232,887
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 84,028	\$ 83,197
610	Purchased Water		
615	Purchased Power	19,125	15,662
618	Chemicals		
620	Repairs and Maintenance	51,365	62,79
621	Office Supplies and Expense	4,743	25,996
630	Outside Services	8,567	7,155
635	Water Testing	2,765	6,107
641	Rents	4,271	4,335
650	Transportation Expenses	2,021	6,309
657	Insurance – General Liability	7,735	9,005
659	Insurance - Health and Life	3,777	6,752
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	3,386	1,317
403	Depreciation Expense	35,699	37,392
408	Taxes Other Than Income	7,116	10,216
408.11	Property Taxes	10,982	11,540
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 245,630	\$ 227,262
	OPERATING INCOME/(LOSS)	\$ <9,018>	\$ 5,625
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 1,139	\$ 1,452
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	234	1,310
	TOTAL OTHER INCOME/(EXPENSE)	\$ 905	\$ 142
	NET INCOME/(LOSS)	\$ <8,113>	\$ 5,767

COMPANY NAME

VERDE LAKES WATER CORPORATION

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ _____

Meter Deposits Refunded During the Test Year

\$ _____

COMPANY NAME VERDE LAKES WATER CORPORATION **YEAR ENDING 12/31/2004**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 17,147.24

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

DATE: 10/20/00
CHECK NO.: 08730

PAID TO THE ORDER OF: Canal Pump and Supply

FOR DEPOSIT ONLY: \$2217.00

THE UNITED STATES FEDERAL RESERVE BANK OF ATLANTA, GA

Canal Pump & Supply
1801 N. 23rd Ave
Phoenix, AZ 85023

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

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GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

R005440288636 OCT 20 #8730 \$2217.00

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

DATE: 10/13/00
CHECK NO.: 08732

PAID TO THE ORDER OF: Legend Technical Services of Arizona, Inc.

FOR DEPOSIT ONLY: \$816.00

THE UNITED STATES FEDERAL RESERVE BANK OF ATLANTA, GA

Legend Technical Services of Arizona, Inc.
17641 N. 23rd Ave
Phoenix, AZ 85023

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

R005540001868 OCT 13 #8732 \$816.00

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

DATE: 10/13/00
CHECK NO.: 08734

PAID TO THE ORDER OF: USA Mailing

FOR DEPOSIT ONLY: \$275.72

THE UNITED STATES FEDERAL RESERVE BANK OF ATLANTA, GA

USA Mailing
P.O. Box 9004
Gainesville, TX 76209-0004

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

R005540177037 OCT 13 #8734 \$275.72

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

DATE: 10/18/00
CHECK NO.: 08736

PAID TO THE ORDER OF: Yarnall Design Typing

FOR DEPOSIT ONLY: \$5580.01

THE UNITED STATES FEDERAL RESERVE BANK OF ATLANTA, GA

Yarnall Design Typing
1801 N. 23rd Ave
Phoenix, AZ 85023

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

R005440530491 OCT 18 #8736 \$5580.01

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

DATE: 10/18/00
CHECK NO.: 08738

PAID TO THE ORDER OF: Gerald McChes

FOR DEPOSIT ONLY: \$5580.01

THE UNITED STATES FEDERAL RESERVE BANK OF ATLANTA, GA

Gerald McChes
1801 N. 23rd Ave
Phoenix, AZ 85023

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

VERDE LAKES WATER CORPORATION
2501 E. VERDE LAKES BL.
GRAND VERDE, AZ 86001
(928) 637-4300

Check #8451, Amount \$23.82, Payable to De Wille, Luis Williams.

R 14 #8451 \$23.82

Check #8453, Amount \$314.95, Payable to De Wille, Luis Williams.

R 12 #8453 \$314.95

Check #8455, Amount \$61.53, Payable to De Wille, Luis Williams.

R 13 #8455 \$61.53

Check #8457, Amount \$199.49, Payable to De Wille, Luis Williams.

R 13 #8457 \$199.49

Check #8459, Amount \$135.00, Payable to De Wille, Luis Williams.

R 14 #8459 \$135.00

Check #8452, Amount \$1260.98, Payable to De Wille, Luis Williams. Includes handwritten number 1205111.

R005440514107 APR 12 #8452 \$1260.98

Check #8454, Amount \$38.00, Payable to De Wille, Luis Williams. From Verde Lakes Water Corporation.

R005240084833 APR 20 #8454 \$38.00

Check #8456, Amount \$417.91, Payable to De Wille, Luis Williams. From Verde Lakes Water Corporation.

R005540722445 APR 13 #8456 \$417.91

Check #8458, Amount \$60.00, Payable to De Wille, Luis Williams. From Verde Lakes Water Corporation.

R008743222500 APR 16 #8458 \$60.00

Check #8460, Amount \$5930.04, Payable to De Wille, Luis Williams. From Verde Lakes Water Corporation. Includes handwritten date 2003/11/14 and amount 9284287.7.

R005640382764 APR 14 #8460 \$5930.04

For more information about any of these checks? Registered users of Bank One Online® see BOTH their cleared checks. Bank One Online is a free service. Visit www.BankOne.com

VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300		VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300	8571
PAY TO THE ORDER OF <u>Just Wilson</u>		\$ <u>45.25</u>	
Five and 25/100 DOLLARS			
Just Wilson P.O. Box 201 Camp Verde, AZ 86023		VERDE LAKE WATER CORPORATION <i>De Wille</i> <i>Just Wilson</i>	
MICRO 6/10/2004 - 6/10/2004 Pay Period		P008571 4172100074C 11283434 70000004575	

R005440499964 JUN 10 #8571 \$45.25

VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300		VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300	8573
PAY TO THE ORDER OF <u>Sam M. Boyd</u>		\$ <u>1182.89</u>	
One Thousand One Hundred Eighty-Two and 89/100 DOLLARS			
Sam M. Boyd 240 E. 11 St. Cottonwood, AZ 86025		VERDE LAKE WATER CORPORATION <i>De Wille</i> <i>Sam M. Boyd</i>	
MICRO 6/10/2004 - 6/10/2004 Pay Period		P008573 4172100074C 11283434 70000118189	

R008740604510 JUN 11 #8573 \$1182.89

VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300		VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300	8576
PAY TO THE ORDER OF <u>Isabelle Jay</u>		\$ <u>31.10</u>	
Thirty-One and 10/100 DOLLARS			
Isabelle Jay P.O. Box 824 Camp Verde, AZ 86023		VERDE LAKE WATER CORPORATION <i>De Wille</i> <i>Isabelle Jay</i>	
MICRO		P008576 4172100074C 11283434 70000003110	

R005640079066 JUN 25 #8576 \$31.10

VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300		VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300	8579
PAY TO THE ORDER OF <u>Yungul Camp Thomas</u>		\$ <u>5637.19</u>	
Five Thousand Six Hundred Thirty-Seven and 19/100 DOLLARS			
Yungul Camp Thomas-Rene Jacobs Box 10, Jacobs 1615 Fair St Poncha, AZ 86000		VERDE LAKE WATER CORPORATION <i>De Wille</i> <i>Yungul Camp Thomas</i>	
MICRO		P008579 4172100074C 11283434 70000563719	

R005440485050 JUN 29 #8579 \$5637.19

VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300		VERDE LAKE WATER CORPORATION 207 S. VERDE LANE CAMP VERDE, AZ 86023 (928) 571-4300	8581
PAY TO THE ORDER OF <u>Just Wilson</u>		\$ <u>73.57</u>	
Seventy-Three and 57/100 DOLLARS			
Just Wilson P.O. Box 200 Camp Verde, AZ 86023		VERDE LAKE WATER CORPORATION <i>De Wille</i> <i>Just Wilson</i>	
MICRO 6/11/2004 - 6/11/2004 Pay Period		P008581 4172100074C 11283434 70000007357	

COMPANY NAME

VERDE LAKES WATER CORPORATION

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-801447	10	90	250	10		1992
55-801449	3	25	189	6		1958
55-559150	10	90	390	8	4	1997
55-524344	10	100	184	10	4	1990
55-524343	10	95	200	10	4	1990

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7 1/2	9	N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
49,000 gal	2	5000 gal	4
125,000 gal	1		
10,000 gal	1		
65,000 gal	2		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4	P.U.C	2600'
5		
6	P.U.C	17,700
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	783
3/4	N/A
1	3
1 1/2	2
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

3 Chlorine pumps

STRUCTURES:

Big Valley - 1 Electrical Shed
 Drimkey Creek - 1 Electrical Shed
 Maple - 1 Pump Shed
 Stillwater - 1 pump Shed - 1 Electrical Shed

OTHER:

N/A

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	789	35 45000	4499
FEBRUARY	790	34 50000	4445
MARCH	787	40 36000	5398
APRIL	789	48 34000	6025
MAY	790	659 3000	8256
JUNE	790	836 2000	9971
JULY	790	660 3000	8023
AUGUST	789	772 0000	8820
SEPTEMBER	790	647 3000	7732
OCTOBER	790	492 7000	5550
NOVEMBER	790	390 8000	3993
DECEMBER	790	327 5000	4906
TOTAL			77618

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

() No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ **mg/l**
(If more than one well, please list each separately.) Dinky Creek .002 Big Valley .002
 Stillwater .0025

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME VERDE LAKES WATER CORPORATION

YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

NOV 04 2005

AZ Corporation Commission

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI	
NAME (OWNER OR OFFICIAL)	ALAN WILLIAMS	TITLE OPERATIONS DIRECTOR
COMPANY NAME	VERDE LAKES WATER CORPORATION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 232,887

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 19,140.05
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Alan Williams
SIGNATURE OF OWNER OR OFFICIAL

928-567-4338
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

02

DAY OF

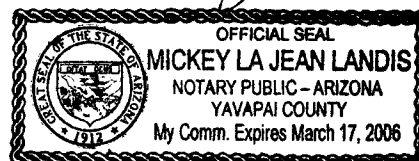
NOTARY PUBLIC NAME	Mickey LaJean Landis	
COUNTY NAME	Yavapai	
MONTH	November	2005

(SEAL)

MY COMMISSION EXPIRES

March 17, 2006

X *Mickey LaJean Landis*
SIGNATURE OF NOTARY PUBLIC



**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

NOV 04 2005

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	YAVAPAI
NAME (OWNER OR OFFICIAL) TITLE	ALAN WILLIAMS
COMPANY NAME	VERDE LAKES WATER CORPORATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 232,887

**(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 19,140.05
IN SALES TAXES BILLED, OR COLLECTED)**

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
928-567-4338
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

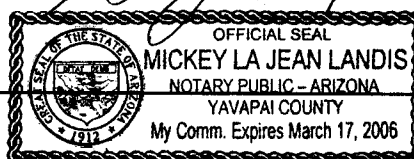
THIS 02 **DAY OF**

November 2005
(SEAL)

COUNTY NAME	YAVAPAI
MONTH	11/02
YEAR	2005

MY COMMISSION EXPIRES March 17, 2006


SIGNATURE OF NOTARY PUBLIC



Verde Lakes Water Corporation
Balance Sheet
As of December 31, 2004

	Dec 31, 04
ASSETS	
Current Assets	
Checking/Savings	
103 · Petty Cash	200.00
100 · Checking Account	5,229.45
101 · Savings Account	150,826.47
Total Checking/Savings	156,255.92
Accounts Receivable	
102 · Accounts Receivable	10,722.68
Total Accounts Receivable	10,722.68
Other Current Assets	
106 · Inventory Asset	7,887.58
Total Other Current Assets	7,887.58
Total Current Assets	174,866.18
Fixed Assets	
170 · Accum. Depreciation	-596,673.54
130 · Fixed Assets	
148 · Communications Equipment	1,041.56
131 · L/H Improvements	2,387.93
136 · Computers & Equipment	3,382.77
132 · Distribution Mains	333,786.30
133 · Electric Pumping Equip	75,900.38
134 · Furniture & Fixtures	7,018.34
135 · Land	18,970.00
147 · Meters	56,256.02
137 · Miscellaneous Equipment	5,455.56
138 · Power Operated Equip	24,243.63
139 · Property for Future Use	9,350.00
140 · Services	30,771.49
141 · Structures	43,659.88
142 · Tanks	139,874.68
143 · Transportation Equipment	7,298.95
144 · Water Treatment	1,817.82
145 · Wells	29,422.63
Total 130 · Fixed Assets	790,637.94
Total Fixed Assets	193,964.40
TOTAL ASSETS	368,830.58
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
200 · Accounts Payable	4,454.78
Total Accounts Payable	4,454.78
Other Current Liabilities	
127 · ATC Credit	26,555.65
126 · Refundable Deposit	12,213.42
2200 · *Sales Tax Payable	1,583.32
205 · Advances Main Extens	21,589.02
250 · Payroll Liabilities	
264 · A/P Workmans Comp Insurance	490.00
263 · Advance Earned Income Credit	902.64
251 · Social Sec-EMP	71.95
252 · Social Sec-CO	71.95
254 · Federal Withholding Tax	-1,172.04
255 · Medicare-CO	20.35
256 · Medicare-EMP	16.85
257 · SUTA-State Unemployment	-195.01
258 · AZ State Withholding	25.59

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11/02/05
Accrual Basis

Verde Lakes Water Corporation
Balance Sheet
As of December 31, 2004

	<u>Dec 31, 04</u>
259 · FUTA Federal Withholding	11.93
250 · Payroll Liabilities - Other	<u>62.25</u>
Total 250 · Payroll Liabilities	<u>306.46</u>
Total Other Current Liabilities	<u>62,247.87</u>
Total Current Liabilities	<u>66,702.65</u>
Total Liabilities	66,702.65
Equity	
300 · Fund Balance	19,164.72
305 · Opening Bal Equity	308,926.69
Net Income	<u>-25,963.48</u>
Total Equity	<u>302,127.93</u>
TOTAL LIABILITIES & EQUITY	<u><u>368,830.58</u></u>

Verde Lakes Water Corporation
Profit & Loss
January through December 2004

	Jan - Dec 04
Ordinary Income/Expense	
Income	
105 · Overpayment Refund	312.18
400 · Income	
409 · Reimbursed Bad Check	30.00
408 · Interest Income	1,452.48
407 · Bad Check Fees	90.23
402 · Late Fees	1,252.65
403 · Repairs Income	8,236.47
404 · Service Income	4,747.49
405 · Miscellaneous	442.80
406 · Metered Water Sales	217,775.06
Total 400 · Income	234,027.18
Total Income	234,339.36
Cost of Goods Sold	
500 · Cost of Goods Sold	
538 · Tee's	25.99
534 · Gallon Solution Tank	301.50
530 · Valve Needle	259.70
529 · Clamps	5.94
527 · elbows	9.21
526 · adapters	14.59
521 · Curb stops	939.11
520 · Gaskets	6.48
518 · Meters	1,083.93
517 · Boxes	123.08
516 · Other	6,195.49
514 · Nipples	55.03
509 · Valves	1,591.08
508 · Bushings	24.61
507 · Plugs	13.66
506 · Caps	6.16
503 · Couplings	124.68
502 · Ell's	158.82
501 · Pipe	80.80
500 · Cost of Goods Sold - Other	2,267.27
Total 500 · Cost of Goods Sold	13,287.13
Total COGS	13,287.13
Gross Profit	221,052.23
Expense	
599 · Customer NSF Checks	992.28
689 · Vehicle Registration	445.88
712 · Refund	83.97
699 · Equipment purchases	3,457.00
709 · Interest Expense	1,309.57
603 · Bank Service Charge	110.44
802 · Utilities	
805 · Waste removal	418.00
Total 802 · Utilities	418.00
631 · Insurance	
635 · Vehicle Insurance	2,758.00
634 · Insurance/Employee Grp	2,750.00
632 · General Insurance	4,717.00
633 · Workers Comp Payable	1,854.00
Total 631 · Insurance	12,079.00
700 · Taxes	
704 · State sales tax	1,221.21
701 · Federal	198.00
702 · Property Taxes	17,147.24

Verde Lakes Water Corporation
Profit & Loss
January through December 2004

	Jan - Dec 04
Total 700 · Taxes	18,566.45
673 · Repair & Maintenance	
688 · tools	847.72
687 · Utility Repairs	57.18
678 · Equip. Repair	617.54
684 · Tires	363.97
685 · Truck Repairs	1,133.07
676 · Dump Truck Repairs	103.98
686 · Well Repairs	2,139.31
679 · Equipment/Maint Repair	351.59
680 · General Maintenance	183.01
681 · Generator Maint/Repair	247.84
673 · Repair & Maintenance - Other	233.91
Total 673 · Repair & Maintenance	6,279.12
605 · Depreciation	
636 · deprec computers	273.00
619 · Deprec Misc. Equipment	272.04
611 · Depreciation communi equipment	149.04
617 · Depreciation/Structures	1,167.00
616 · Depreciation-Wells	926.04
615 · Deprec-Elec. Pumping	7,398.00
614 · Deprec-Water Treatment	57.00
613 · Depreciation-Tanks	7,038.00
612 · Depreciation-Mains	9,512.04
610 · Depreciation-Services	438.96
609 · Depreciation-Meters	3,921.00
608 · Deprec-Furnit/Fixtures	417.96
607 · Deprec Transportation	840.00
606 · Deprec/Power Oper.Equip	1,883.64
Total 605 · Depreciation	34,293.72
650 · Electricity for Pumps	15,661.79
638 · Equipment Purchase	27,594.00
690 · Supplies	
696 · Misc. Supplies	604.79
695 · Misc. Job Supplies	2,080.30
694 · Shop Supplies	2,681.74
693 · Water Treatmnt Supplies	337.15
691 · Office Supplies	2,796.20
690 · Supplies - Other	250.00
Total 690 · Supplies	8,750.18
710 · Telephone/Comm.	
711 · Internet	239.40
710 · Telephone/Comm. - Other	2,204.36
Total 710 · Telephone/Comm.	2,443.76
810 · Water Testing	6,107.20
621 · Equipment Rent	135.00
820 · Uncategorized Expenses	64.41
715 · Travel & Entertainment	255.00
618 · Dues & Membership	250.00
629 · Fuel/Fluids	3,483.56
642 · Professional Fees	
643 · Accounting	2,168.50
642 · Professional Fees - Other	276.78
Total 642 · Professional Fees	2,445.28
630 · Heating/Electric	1,846.52
640 · Postage/Shipping	2,763.21
624 · Freight & Delivery	635.32
604 · Commissions	175.00
623 · Fees, Licenses, Permits	68.51
670 · Rent	4,200.00

3:16 PM
11/02/05
Accrual Basis

Verde Lakes Water Corporation
Profit & Loss
January through December 2004

	Jan - Dec 04
660 · Payroll Expenses	
662 · Salaries & Wages	83,620.63
661 · Payroll Tax	6,748.53
660 · Payroll Expenses - Other	1,732.38
Total 660 · Payroll Expenses	92,101.54
Total Expense	247,015.71
Net Ordinary Income	-25,963.48
Net Income	-25,963.48